SOUTH WINNESHIEK
COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA

FINANCIAL REPORT

JUNE 30, 2024

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	Term Expires
Board of Education		
(Before 2023 Election)		
Wendy Mihm-Herold	President	2025
Don Schroeder	Vice-President	2025
Ron Hemesath	Board Member	2023
Craig Neuzil	Board Member	2023
Patricia Schissel	Board Member	2025
(After 2023 Election)		
Wendy Mihm-Herold	President	2025*
Don Schroeder	President	2025**
Ron Hemesath	Vice-President	2027***
Cathy Sabelka	Board Member	2025****
Craig Neuzil	Board Member	2027
Patricia Schissel	Board Member	2025

*Resigned effective July 8, 2024 and was appointed effective December 9, 2024 as President
**Effective July 8, 2024 appointed President and resigned effective December 9, 2024
***Effective July 8, 2024 appointed Vice-President
****Appointed effective July 8, 2024

School Officials

Kris Einck	Superintendent
Kris Smith	Business Manager, SBO, Board Secretary/Treasurer

Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Winneshiek Community School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Winneshiek Community School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Winneshiek Community School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Winneshiek Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- **Exercise professional judgment and maintain professional skepticism throughout the audit.**

- **Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.**

- **Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Winneshiek Community School District's internal control. Accordingly, no such opinion is expressed.**

- **Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.**

- **Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Winneshiek Community School District's ability to continue as a going concern for a reasonable period of time.**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions and the schedule of changes in the District's total OPEB liability, related ratios and notes on pages 5 through 5g and pages 37 through 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Winneshiek Community School District's June 30, 2024 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 4 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 4 are fairly stated in all material respects in relation to the years ended June 30, 2015 through 2024 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2025, on our consideration of the South Winneshiek Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Winneshiek Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Winneshiek Community School District's internal control over financial reporting and compliance.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 10, 2025

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Management of the South Winneshiek Community School District provides this management's discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2024.

The intent of this discussion and analysis is to look at South Winneshiek Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

2024 FINANCIAL HIGHLIGHTS

In total, net position increased by $366,054 or 6.22% from fiscal year 2023. Net position in governmental activities increased by $419,929, which represented an 7.54% increase from fiscal year 2023. Net position in the business-type activities, which represents the District's food services operations and 3-year-old preschool, decreased $53,875, which represented a 17.17% decrease from fiscal year 2023.

General fund revenues (which include the instructional support fund) accounted for $8,024,714 in revenue or 79.33% of all governmental revenues. General fund expenditures (which include the instructional support fund) accounted for $8,509,481 in expenditures or 89.15% of all governmental expenditures.

USING THIS ANNUAL REPORT

These statements are organized so the reader can understand South Winneshiek Community School District as a financial whole or as an entire operating entity. The annual report consists of a series of financial statements, notes to those statements and other information, as follows:

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of South Winneshiek Community School District as a whole and present an overall view of the District's finances.

The fund financial statements tell how governmental and business-type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report South Winneshiek Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. The remaining financial statements provide information about activities for which South Winneshiek Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in the District's total OPEB liability, related ratios and notes.

USING THIS ANNUAL REPORT (Continued)

Other supplementary information provides detailed information about the nonmajor funds and compares governmental fund activity to prior years.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities: most of the District's programs and services are reported here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.**

- **Business-type activities: the District charges fees to help cover the costs of certain services it provides. The District's school nutrition fund and 3-year-old preschool fund are included here.**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues such as federal grants.

However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds for fiscal year 2024 are the general fund, the management levy-special revenue fund, the statewide sales, services and use tax-capital projects fund, and the physical plant and equipment levy-capital projects fund.

Fund Financial Statements (Continued)

The District has three kinds of funds:

1) **Governmental funds*:* most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.**

   The District's governmental funds include the general fund, the special revenue funds, and the capital projects funds.

   The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) **Proprietary funds*: s*ervices for which the District charges a fee are generally reported in the proprietary funds and are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's enterprise funds are the school nutrition fund and the 3-year-old preschool fund.**

   The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

3) **Fiduciary fund: the District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary fund is as follows:**

   - **Custodial fund: this is a fund through which the District administers and accounts for certain monies as a fiscal agent.**

   The District is responsible for ensuring the assets reported in the fiduciary fund is used only for its intended purpose and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

   The required financial statements for the fiduciary fund include a statement of fiduciary net position and the statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The District's net position at the end of fiscal year 2024 for governmental activities was $5,992,335 and for business-type activities was $259,973. The following is a summary perspective of the statement of net position of the District for the fiscal years ended June 30, 2024 and 2023.

Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 9,646	$ 9,132	$ 271	$ 375	$ 9,917	$ 9,507
Capital assets	3,600	3,811	42	5	3,642	3,816
Total assets	13,246	12,943	313	380	13,559	13,323
Deferred outflows of resources	912	621	55	32	967	653
Current liabilities	1,290	1,162	51	49	1,341	1,211
Noncurrent liabilities	2,779	2,578	39	35	2,818	2,613
Total liabilities	4,069	3,740	90	84	4,159	3,824
Deferred inflows of resources	4,097	4,252	18	14	4,115	4,266
Net position:						
Net investment in capital assets	3,555	3,751	42	5	3,597	3,756
Restricted	3,457	2,400			3,457	2,400
Unrestricted (deficit)	(1,020)	(579)	218	309	(802)	(270)
Total net position	$ 5,992	$ 5,572	$ 260	$ 314	$ 6,252	$ 5,886

The District's total net position increased 6.22% or approximately $366,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately $1,057,000 or 44.04%, from the prior year. The increase was primarily a result of increased physical plant and equipment levy funds and management levy funds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately $532,000 or 81.7%. The decrease was due to the financial results for the year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As shown below, the following analysis shows the change in net position for the years ended June 30, 2024 and 2023.

Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenue:						
Charges for service	$ 809	$ 775	$ 276	$ 291	$ 1,085	$ 1,066
Operating grants	1,714	1,636	224	262	1,938	1,898
General revenue:						
Property taxes	3,924	3,840			3,924	3,840
Sales tax and surtax	681	694			681	694
Unrestricted state grants	2,710	2,637			2,710	2,637
Unrestricted investment earnings	159	47	1	1	160	48
Compensation for loss on fixed assets		797			-	797
Other revenue	118	26			118	26
Total revenues	10,115	10,452	501	554	10,616	11,006
PROGRAM EXPENSES						
Instruction	6,008	4,844			6,008	4,844
Student support	2,824	2,902			2,824	2,902
Other expenses	867	1,507	551	486	1,418	1,993
Total expenses	9,699	9,253	551	486	10,250	9,739
Transfers	4	3	(4)	(3)	-	-
Change in net position	420	1,202	(54)	65	366	1,267
NET POSITION, beginning of year	5,572	4,370	314	249	5,886	4,619
NET POSITION, end of year	$ 5,992	$ 5,572	$ 260	$ 314	$ 6,252	$ 5,886

In fiscal year 2024, property tax and unrestricted state grants accounted for 65.58% of the revenue from governmental activities while charges for service and operating grants accounted for 100% of the revenue from business-type activities.

The District's total revenues were approximately $10.5 million, of which approximately $10 million was for governmental activities and $500,000 was for business-type activities.

INDIVIDUAL FUND ANALYSIS

The South Winneshiek Community School District uses fund accounting on the modified accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Highlights

As the District completed the year, its governmental funds reported a fund balance of $4,680,945, an $574,306 increase from the 2023 fiscal year end balance of $4,106,639.

- **The ending fund balance in the general fund of $1,308,291 showed a decrease of $481,076 from the prior year balance of $1,789,367.**

- **The management levy fund balance increased by $505,085 for fiscal year 2024. This was due to an increase in property taxes in anticipation of paying out termination benefits in the next few years.**

- **The physical plant and equipment levy (PPEL) fund balance increased by $5,240 during fiscal year 2024.**

- **The statewide sales, services and use tax fund balance increased by $542,872. This was due to less capital projects this year.**

Proprietary Funds Highlights

- **The school nutrition fund balance decreased by $45,430 during fiscal year 2024. The decrease is mainly due to the District having more salary and supplies expense.**

- **The 3-year-old preschool fund balance decreased $8,445 during the fiscal year 2024. The District continues to monitor tuition rates for this program.**

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute requires approval of the budget on or before April 15 of each year. The budget document presents functional expenditures by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures, and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year. Over the course of the year, the District adopted one budget amendment to reflect additional expenditures throughout the District.

The District's total revenues were $314,264 more than total budgeted revenues, a variance of 3.05%. The most significant variance resulted from the District receiving more revenues from local sources.

Total expenditures were less than budgeted, due primarily to the District's budget for the general fund. It is the District's practice to budget expenditures within the authorized spending authority for the general fund. The District then manages or controls general fund and other fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the amended budget was exceeded in the instruction function area.

BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and final budget for fiscal year 2024 as well as the actual revenue and expenditures for the year.

Budgetary Comparison Schedule
(Expressed in Thousands)

	Actual Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance
Revenues:				
Local sources	$ 5,230	$ 4,864	$ 4,864	$ 366
State sources	4,818	4,720	4,720	98
Federal sources	568	718	718	(150)
Total revenues	$ 10,616	$ 10,302	$ 10,302	$ 314
Expenditures/Expenses:				
Instruction	$ 6,080	$ 6,023	$ 6,023	$ (57)
Support services	2,956	3,088	3,088	132
Non-instructional programs	551	496	596	45
Other expenditures	509	805	805	296
Total expenditures/expenses	$ 10,096	$ 10,412	$ 10,512	$ 416

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, South Winneshiek Community School District had $3,600,877 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had $41,788 invested in equipment in the school nutrition fund.

The District had depreciation/amortization expense of $421,741 for fiscal year 2024 and total accumulated depreciation/ amortization of $6,921,695 as of June 30, 2024 for the governmental activities. The District had depreciation/ amortization expense of $5,914 for fiscal year 2024 and total accumulated depreciation/amortization of $120,543 as of June 30, 2024 for the business-type activities. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the District had $271,009 in debt compared to $60,464 last year. All debt is from right-to-use agreements and termination benefits. More detailed information about the District's long-term liability is presented in Note 6 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Current Issues

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- **Enrollment is flat.**
- **There were three early retirements.**
- **One new teacher was hired for special education.**
- **Operational sharing is at 27 of 21. The District continues to share a teacher with Turkey Valley Community School District; it is planned that the sharing will continue into the future.**
- **The District plans on sharing the Superintendent for 2024-2025 school year.**
- **The District plans on sharing the School Business Official for the 2024-2025 school year.**
- **The District is aware of TSS dollars that will bring 2024-2025 certified staff salaries to a minimum for new teachers to $47,500 and teachers with 12 years or more of experience to a minimum of $60,000 with the intention to increase these rates in the 2025-2026 school year to $50,000 and $62,000, respectively.**
- **Salaries and benefits continue to be the major contributor to the general fund finances. Fiscal responsibility is always in the forefront during negotiations while ensuring compensation packages are equitable and fair. Support staff received an average of 7.5% raise for 2024-2025, which will have an impact on the general fund.**
- **The District has forecasted the budget out 3 to 5 years and understands that expenses will need to be reduced in order to meet the fiscal responsibility of the District.**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of South Winneshiek Community School District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Office, South Winneshiek Community School District, 304 South Webster Street, Calmar, Iowa 52132.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	$ 5,487,399	$ 256,609	$ 5,744,008
Receivables:			
Property tax:			
Delinquent	39,486		39,486
Succeeding year	3,548,555		3,548,555
Accounts	102,617		102,617
Prepaid expenses	20,376		20,376
Due from other governments	446,570		446,570
Inventories		7,456	7,456
Capital assets, non-depreciable	124,424		124,424
Capital assets, net of accumulated depreciation/amortization	3,476,453	41,788	3,518,241
Net pension asset		6,753	6,753
Total assets	13,245,880	312,606	13,558,486
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	827,375	51,104	878,479
OPEB related deferred outflows	84,773	3,808	88,581
Total deferred outflows of resources	912,148	54,912	967,060
Total assets and deferred outflows of resources	$ 14,158,028	$ 367,518	$ 14,525,546
LIABILITIES			
Accounts payable	$ 307,678		$ 307,678
Salaries and benefits payable	816,391	$ 40,028	856,419
Advances from grantors	37,600		37,600
Unearned revenues		11,801	11,801
Long-term liabilities:			
Portion due within one year:			
Right-to-use agreements	14,887		14,887
Termination benefits	112,500		112,500
Portion due after one year:			
Right-to-use agreements	31,122		31,122
Early retirement	112,500		112,500
Net pension liability	2,234,162	23,600	2,257,762
Total OPEB liability	401,582	13,925	415,507
Total liabilities	4,068,422	89,354	4,157,776
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	3,548,555		3,548,555
Pension related deferred inflows	178,540	12,963	191,503
OPEB related deferred inflows	116,342	5,228	121,570
Other	253,834		253,834
Total deferred inflows of resources	4,097,271	18,191	4,115,462
NET POSITION			
Net investment in capital assets	3,554,868	41,788	3,596,656
Restricted for:			
Capital projects	1,571,533		1,571,533
Management levy purposes	1,414,830		1,414,830
Physical plant and equipment	282,994		282,994
Student activities	86,725		86,725
Categorical funding	81,315		81,315
Other purposes	20,376		20,376
Unrestricted (deficit)	(1,020,306)	218,185	(802,121)
Total net position	5,992,335	259,973	6,252,308
Total liabilities, deferred inflows of resources and net position	$ 14,158,028	$ 367,518	$ 14,525,546

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular	$ 2,940,271	$ 632,425	$ 1,178,848	$ (1,128,998)		$ (1,128,998)
Special	1,845,635	115,859	21,894	(1,707,882)		(1,707,882)
Other	1,222,593	36,454	137,325	(1,048,814)		(1,048,814)
	6,008,499	784,738	1,338,067	(3,885,694)	$ -	(3,885,694)
Support services:						
Student	391,879			(391,879)		(391,879)
Instructional staff	411,764			(411,764)		(411,764)
Administration	887,512			(887,512)		(887,512)
Operation and maintenance plant	667,970			(667,970)		(667,970)
Transportation	464,931	24,376	101,171	(339,384)		(339,384)
	2,824,056	24,376	101,171	(2,698,509)	-	(2,698,509)
Other:						
Facilities acquisition	419,270			(419,270)		(419,270)
AEA flowthrough	274,671		274,671	-		-
Depreciation/amortization (unallocated)*	172,989			(172,989)		(172,989)
	866,930	-	274,671	(592,259)	-	(592,259)
Total governmental activities	9,699,485	809,114	1,713,909	(7,176,462)	-	(7,176,462)
BUSINESS-TYPE ACTIVITIES						
Non-instructional programs:						
Nutrition services	489,652	232,290	214,236		(43,126)	(43,126)
Child care operations	61,478	43,832	9,201		(8,445)	(8,445)
Total business-type activities	551,130	276,122	223,437	-	(51,571)	(51,571)
Total	$ 10,250,615	$ 1,085,236	$ 1,937,346	(7,176,462)	(51,571)	(7,228,033)
GENERAL REVENUES						
Property taxes levied for:						
General purposes				2,944,462		2,944,462
Management levy purposes				669,367		669,367
Physical plant and equipment				311,332		311,332
Statewide sales, services and use tax				680,681		680,681
Unrestricted state grants				2,709,746		2,709,746
Unrestricted investment earnings				158,842	1,387	160,229
Transfer in (out)				3,691	(3,691)	-
Other				118,270		118,270
Total general revenues				7,596,391	(2,304)	7,594,087
Change in net position				419,929	(53,875)	366,054
NET POSITION, beginning of year				5,572,406	313,848	5,886,254
NET POSITION, end of year				$ 5,992,335	$ 259,973	$ 6,252,308

*This amount excludes the depreciation/amortization included in the direct expenses of the various programs.

See Notes to Financial Statements.

EXHIBIT C

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General	Special Revenue Fund Management Levy	Capital Projects Funds Physical Plant and Equipment Levy	Capital Projects Funds Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and pooled investments	$ 2,210,260	$ 1,407,558	$ 283,711	$ 1,523,609	$ 62,261	$ 5,487,399
Receivables:						
Property tax:						
Delinquent	30,409	7,272	1,805			39,486
Succeeding year	2,519,572	875,000	153,983			3,548,555
Accounts	73,480				29,137	102,617
Prepaid expenses	3,804			16,572		20,376
Due from other governments	255,084		124,981	66,505		446,570
Total assets	$ 5,092,609	$ 2,289,830	$ 564,480	$ 1,606,686	$ 91,398	$ 9,645,003
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 285,774		$ 2,522	$ 14,709	$ 4,673	$ 307,678
Salaries and benefits payable	816,391					816,391
Advances from grantors	37,600					37,600
Total liabilities	1,139,765	$ -	2,522	14,709	4,673	1,161,669
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	2,519,572	875,000	153,983			3,548,555
Other	124,981		124,981	3,872		253,834
Total deferred inflows of resources	2,644,553	875,000	278,964	3,872	-	3,802,389
Fund balances:						
Nonspendable:						
Prepaid expenses	3,804			16,572		20,376
Restricted for:						
Categorical funding	81,315					81,315
Management levy purposes		1,414,830				1,414,830
Student activities					86,725	86,725
Capital projects				1,571,533		1,571,533
Physical plant and equipment			282,994			282,994
Unassigned	1,223,172					1,223,172
Total fund balances	1,308,291	1,414,830	282,994	1,588,105	86,725	4,680,945
Total liabilities, deferred inflows of resources and fund balances	$ 5,092,609	$ 2,289,830	$ 564,480	$ 1,606,686	$ 91,398	$ 9,645,003

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION		
Total governmental fund balances		$ 4,680,945
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds, net of accumulated depreciation/amortization of: $6,921,695.		3,600,877
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 912,148	
Deferred inflows of resources	(294,882)	617,266
Some liabilities, including right-to-use, total OPEB liability and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Right-to-use agreements	(46,009)	
Termination benefits	(225,000)	
Net pension liability	(2,234,162)	
Total OPEB liability	(401,582)	(2,906,753)
Net position of governmental activities per Exhibit A		$ 5,992,335

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General	Special Revenue Fund Management Levy	Capital Projects Funds: Physical Plant and Equipment Levy	Capital Projects Funds: Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Local sources:						
Local tax	$ 2,944,462	$ 669,367	$ 311,332			$ 3,925,161
Tuition	511,155					511,155
Other	188,167	58,671	16,233	$ 24,450	$ 229,260	516,781
State sources	4,033,399	11,002	2,731	767,963		4,815,095
Federal sources	347,531					347,531
Total revenues	8,024,714	739,040	330,296	792,413	229,260	10,115,723
EXPENDITURES						
Current:						
Instruction:						
Regular	3,147,948	52,559	5,789	19,502		3,225,798
Special	1,853,089					1,853,089
Other	781,351				220,575	1,001,926
	5,782,388	52,559	5,789	19,502	220,575	6,080,813
Support services:						
Student	391,879					391,879
Instructional staff	281,738		122,396	7,630		411,764
Administration	841,446	5,933	30,787	9,346		887,512
Operation and maintenance plant	511,245	153,474	1,000	7,342		673,061
Transportation	426,114	21,989	143,437			591,540
	2,452,422	181,396	297,620	24,318	-	2,955,756
Other:						
Long-term debt:						
Principal					14,455	14,455
Interest and fiscal charges					1,589	1,589
Facilities acquisition			12,103	205,721		217,824
AEA flowthrough	274,671					274,671
	274,671	-	12,103	205,721	16,044	508,539
Total expenditures	8,509,481	233,955	315,512	249,541	236,619	9,545,108
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(484,767)	505,085	14,784	542,872	(7,359)	570,615
OTHER FINANCING SOURCES (USES)						
Transfers in	3,691		6,500		16,044	26,235
Transfers (out)			(16,044)		(6,500)	(22,544)
	3,691	-	(9,544)	-	9,544	3,691
Change in fund balances	(481,076)	505,085	5,240	542,872	2,185	574,306
FUND BALANCES, beginning of year	1,789,367	909,745	277,754	1,045,233	84,540	4,106,639
FUND BALANCES, end of year	$ 1,308,291	$ 1,414,830	$ 282,994	$ 1,588,105	$ 86,725	$ 4,680,945

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances - total governmental funds		$ 574,306
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation/amortization expenses in the statement of activities. This is the amount by which depreciation/amortization exceeds capital outlays in the current year, as follows:		
Depreciation/amortization	$ (421,741)	
Capital outlays	211,255	(210,486)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		14,455
The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.		433,935
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Termination benefits	(225,000)	
Pension expense	(154,931)	
OPEB expense	(12,350)	(392,281)
Change in net position of governmental activities per Exhibit B		$ 419,929

See Notes to Financial Statements.

EXHIBIT E

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	School Nutrition	3-Year-Old Preschool	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 230,550	$ 26,059	$ 256,609
Inventories	7,456		7,456
Total current assets	238,006	26,059	264,065
NONCURRENT ASSETS			
Furniture and equipment	162,331		162,331
Less accumulated depreciation	(120,543)		(120,543)
Net pension asset		6,753	6,753
Total noncurrent assets	41,788	6,753	48,541
Total assets	279,794	32,812	312,606
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	40,474	10,630	51,104
OPEB related deferred outflows	2,923	885	3,808
Total deferred outflows of resources	43,397	11,515	54,912
Total assets and deferred outflows of resources	$ 323,191	$ 44,327	$ 367,518
LIABILITIES			
CURRENT LIABILITIES			
Salaries and benefits payable	$ 33,620	$ 6,408	$ 40,028
Unearned revenues	11,801		11,801
Total current liabilities	45,421	6,408	51,829
NONCURRENT LIABILITIES			
Net pension liability	23,600		23,600
Total OPEB liability	9,876	4,049	13,925
Total noncurrent liabilities	33,476	4,049	37,525
Total liabilities	78,897	10,457	89,354
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	9,219	3,744	12,963
OPEB related deferred inflows	4,012	1,216	5,228
	13,231	4,960	18,191
NET POSITION			
Net investment in capital assets	41,788		41,788
Unrestricted	189,275	28,910	218,185
Total net position	231,063	28,910	259,973
Total liabilities, deferred inflows of resources and net position	$ 323,191	$ 44,327	$ 367,518

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	School Nutrition	3-Year-Old Preschool	Total
OPERATING REVENUES			
Local sources:			
Charges for services	$ 232,290	$ 43,832	$ 276,122
OPERATING EXPENSES			
Non-instructional programs:			
Operations:			
Salaries and benefits	254,769	60,885	315,654
Purchased services	2,867		2,867
Supplies	226,102	593	226,695
Depreciation	5,914		5,914
Total operating expenses	489,652	61,478	551,130
Operating loss	(257,362)	(17,646)	(275,008)
NONOPERATING REVENUES			
Interest income	1,387		1,387
State sources	2,888		2,888
Federal sources	211,348	9,201	220,549
Total nonoperating revenues	215,623	9,201	224,824
Loss before transfers	(41,739)	(8,445)	(50,184)
TRANSFERS OUT	(3,691)	-	(3,691)
Change in net position	(45,430)	(8,445)	(53,875)
NET POSITION, beginning of year	276,493	37,355	313,848
NET POSITION, end of year	$ 231,063	$ 28,910	$ 259,973

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	School Nutrition	3-Year-Old Preschool	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of lunches and breakfasts	$ 233,867		$ 233,867
Cash received from miscellaneous operating activities		$ 43,832	43,832
Cash paid to employees for services	(259,484)	(67,709)	(327,193)
Cash paid to suppliers for goods or services	(189,638)	(593)	(190,231)
Net cash used in operating activities	(215,255)	(24,470)	(239,725)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal grants received	175,615	9,201	184,816
Transfers out	(3,691)		(3,691)
Net cash provided by noncapital financing activities	171,924	9,201	181,125
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of equipment	(42,594)	-	(42,594)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,387	-	1,387
Net decrease in cash	(84,538)	(15,269)	(99,807)
CASH AND CASH EQUIVALENTS, beginning of year	315,088	41,328	356,416
CASH AND CASH EQUIVALENTS, end of year	$ 230,550	$ 26,059	$ 256,609
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$ (257,362)	$ (17,646)	$ (275,008)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	5,914		5,914
Commodities used	38,621		38,621
Change in assets and liabilities:			
Inventories	1,234		1,234
Deferred outflows of resources	(19,154)	(4,144)	(23,298)
Net pension asset		3,037	3,037
Accounts payable	(524)		(524)
Salaries and benefits payable	6,198	(3,931)	2,267
Unearned revenues	1,577		1,577
Net pension liability	7,480		7,480
OPEB liability	(4,027)	(1,220)	(5,247)
Deferred inflows of resources	4,788	(566)	4,222
Net cash used in operating activities	$ (215,255)	$ (24,470)	$ (239,725)
Non-cash, noncapital financing activities:			
During the year ended June 30, 2024, the District received commodities valued at:	$ 38,621		

See Notes to Financial Statements.

EXHIBIT H

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2024

	Custodial
ASSETS	
Cash and pooled investments	$ 1,534
Total assets	$ 1,534
NET POSITION	
Restricted for other organizations	$ 1,534
Total net position	$ 1,534

See Notes to Financial Statements.

EXHIBIT I

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2024

	Custodial
ADDITIONS	
Miscellaneous	$ 17,200
DEDUCTIONS	
Administrative	16,473
Change in net position	727
NET POSITION, beginning of year	807
NET POSITION, end of year	$ 1,534

See Notes to Financial Statements.

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The South Winneshiek Community School District (the District) is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the Cities of Calmar, Ossian, and Spillville, Iowa, and the predominate agricultural territory in the area. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fundraising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, South Winneshiek Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Venture

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

Jointly Governed Organization

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Winneshiek County Assessor's Conference Board.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

1. <u>Nature of Operations and Significant Accounting Policies (Continued)</u>

b. <u>Significant Accounting Policies (Continued)</u>

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, the management levy-special revenue fund, the statewide sales, services and use tax-capital projects fund, and the physical plant and equipment levy-capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Special Revenue Fund-Management Levy

The special revenue fund-management levy is used to account for revenues derived from specific sources which are usually required by law or regulation to pay for insurance premiums for the District and the retirees' health insurance.

Capital Projects Funds

The capital projects funds are utilized to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through enterprise funds. The major funds in this category are statewide sales, services and use tax, and the physical plant and equipment levy.

The statewide sales, services and use tax are used to account for the purchase of capital assets using statewide sales tax and use tax proceeds.

The physical plant and equipment levy fund is used to account for the purchase of capital assets using property tax revenue.

Proprietary Funds

Enterprise Funds

The District's proprietary funds are the school nutrition fund and the 3-year-old preschool fund. The school nutrition fund is used to account for the food services operations of the District. The 3-year-old preschool fund accounts for the preschool program.

Fiduciary Fund

Custodial Fund

The custodial fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The custodial fund is for the employee flex benefit plan.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under right-to-use agreements are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments

The cash balances of most District funds are pooled and invested. The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

Interfund Transactions

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

Due from Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Inventories

Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets

Capital assets are tangible and intangible assets, which include property, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years:

Asset Class	Amount
Land	$ 500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Right-to-use leased assets	2,500
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	2,500

Land and construction in progress are not depreciated. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	5 - 20 years
Intangibles	5 - 10 years
Right-to-use leased assets	5 years
Furniture and equipment	3 - 15 years

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Leases - District as Lessee

South Winneshiek Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of $2,500 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how South Winneshiek Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

South Winneshiek Community School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2024 was used to calculate the salaries payable.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Advances from Grantors
Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Unearned Revenues
Proprietary funds defer revenue recognition in connection with resources that have been received but not earned. Unearned revenues consist primarily of hot lunch proceeds collected for the next school year.

Long-term Liabilities
In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. Termination benefits liability has been paid primarily by the major governmental management levy fund.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the general fund.

Total OPEB Liability
For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities and business-type activities will be paid primarily by the general fund and the enterprise funds-school nutrition fund and 3-year-old preschool fund.

Deferred Inflows of Resources
Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of succeeding year property tax receivable, income surtax and other unavailable receivables.

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, income surtax and unrecognized items not yet charged to pension and OPEB expense.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be intact.

Restricted - amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned - is the remaining fund balance, which is not included in other spendable classifications.

Net Position

The statement of net position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2024, expenditures exceeded the amount budgeted in the instruction function.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2024, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) as follows:

	Amortized Cost
Diversified portfolio	$ 1,280,096
Direct government obligations portfolio	1,071,626
Total	$ 2,351,722

There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAm by Standard & Poor’s Financial Services.

The District has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2024:

Governmental:	
General fund:	
Transportation aid, nonpublic	$ 63,610
Career grant	21,571
Other	7,773
Title I	37,149
Income surtax	124,981
	255,084
Capital projects funds:	
PPEL:	
Income surtax	124,981
Statewide sales, services and use tax:	
Other	3,872
Local option sales tax	62,633
	66,505
Total due from other governments	$ 446,570

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

	Transfers In	Transfers Out
General fund	$ 3,691	
Debt service fund	16,044	
Student activity fund		$ 6,500
Capital projects funds:		
Physical plant and equipment levy fund	6,500	16,044
Business-type activities:		
School nutrition fund		3,691
Total	$ 26,235	$ 26,235

Transfers to the general fund were to reimburse for nutrition indirect costs. Transfers between the student activity fund and the physical plant and equipment levy fund were for expenses that were paid out of the other fund. Transfers between physical plant and equipment levy fund and debt service fund were to move resources for lease payments.

5. Capital Assets

Capital assets activity for the governmental activities for the year ended June 30, 2024 is as follows:

Governmental Activities	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Land	$ 102,262			$ 102,262
Construction in progress		$ 22,162		22,162
	102,262	22,162	$ -	124,424
Capital assets being depreciated:				
Land improvements	779,804			779,804
Buildings	5,970,383			5,970,383
Furniture and equipment	3,489,021	196,093	(111,835)	3,573,279
Total capital assets being depreciated	10,239,208	196,093	(111,835)	10,323,466
Less accumulated depreciation for:				
Land improvements	148,167	7,097		155,264
Buildings	3,627,176	150,955		3,778,131
Furniture and equipment	2,821,978	248,752	(104,835)	2,965,895
Total accumulated depreciation	6,597,321	406,804	(104,835)	6,899,290
Total capital assets being depreciated, net	3,641,887	(210,711)	(7,000)	3,424,176
Intangible right-to-use assets:				
Leased equipment	74,682			74,682
Less accumulated amortization	7,468	14,937		22,405
Intangible right-to-use assets, net	67,214	(14,937)	-	52,277
Total capital assets being depreciated/amortized, net	3,709,101	(225,648)	(7,000)	3,476,453
Governmental activities: Capital assets, net	$ 3,811,363	$ (203,486)	$ (7,000)	$ 3,600,877

5. Capital Assets (Continued)

Capital assets activity for the business-type activities for the year ended June 30, 2024 is as follows:

Business-type Activities	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Furniture and equipment	$ 119,737	$ 42,594		$ 162,331
Less accumulated depreciation	114,629	5,914		120,543
Business-type activities:				
Capital assets, net	$ 5,108	$ 36,680	$ -	$ 41,788

Depreciation/amortization expense was charged to the governmental functions of the District as follows:

Governmental activities:	
Facilities acquisition	$ 248,752
Unallocated depreciation/amortization	172,989
Total depreciation/amortization expense - governmental activities	$ 421,741
Business-type activities:	
Food services	$ 5,914

6. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Governmental activities:					
Long-term liabilities:					
Termination benefits		$ 225,000		$ 225,000	$ 112,500
Right-to-use agreements	$ 60,464		$ 14,455	46,009	14,887
Total	$ 60,464	$ 225,000	$ 14,455	$ 271,009	$ 127,387

Termination Benefits

During fiscal year 2024, the District offered a voluntary early retirement plan to its employees. There were three employees that accepted effective June 30, 2024. Employees qualifying for the District's early retirement must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30, 2024 or June 30, 2025. The application for early retirement is subject to approval by the Board of Education.

Termination benefits are paid in two equal installments over a two-year period beginning in July following the start of retirement, with a subsequent payment in July for the following year.

As of June 30, 2024, the District has obligations to three participants with a total liability of $225,000. There were no actual termination benefit expenditures paid in the year ended June 30, 2024.

6. **Long-term Debt Obligations (Continued)**

Right-to-Use Agreements

On July 1, 2022, the District entered into a lease agreement for copiers. The agreement requires monthly payments of $1,337 over five years with an implicit interest rate of 3% and the final payment due June 1, 2027. During the year ended June 30, 2024, principal and interest paid were $14,455 and $1,589, respectively.

Year Ending June 30,	Principal	Interest	Total
2025	$ 14,887	$ 1,157	$ 16,044
2026	15,332	712	16,044
2027	15,790	254	16,044
Total	$ 46,009	$ 2,123	$ 48,132

7. **Pension Plan**

Plan Description

IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

7. **Pension Plan (Continued)**

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2024 totaled $455,761.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a net pension liability of $2,251,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the District's proportion was 0.049871%, which was a decrease of 0.00358% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $162,395. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 190,438	$ 9,252
Changes of assumptions		36
Net difference between projected and actual earnings on IPERS' investments	208,470	
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	23,810	182,215
District contributions subsequent to the measurement date	455,761	
Total	$ 878,479	$ 191,503

7. **Pension Plan (Continued)**

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$455,761 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	$ (88,332)
2026	(209,504)
2027	462,715
2028	61,365
2029	4,971
Total	$ 231,215

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total net pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

7. Pension Plan (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	100.0%	

Discount Rate

The discount rate used to measure the total net pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total net pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 4,786,147	$ 2,251,009	$ 126,522

IPERS' Fiduciary Net Position

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS

At June 30, 2024, the District had no payables to report for the defined benefit pension plan for legally required District contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

8. **Other Postemployment Benefits (OPEB)**

Plan Description

The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employed by the District and are eligible to participate in the group medical and dental plans are eligible to continue healthcare benefits upon retirement after attaining at least age 55. Coverage during retirement continues in the group medical and dental plans up to age 65. The group medical benefits are provided through a fully insured plan with partial self-funding to a lower deductible. Retirees covered by the plan make contributions toward the plan premiums.

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	95
Total	100

Total OPEB Liability

The District's total OPEB liability of $415,507 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2024)	3.00% per annum.
Rates of salary increase (effective June 30, 2024)	3.25% per annum, based on general wage growth assumption of IPERS actuarial valuation.
Discount rate (effective June 30, 2024)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2024)	6.50% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

8. **Other Postemployment Benefits (OPEB) (Continued)**

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 537,533
Changes for the year:	
Service cost	25,995
Interest cost	15,152
Difference between expected and actual experiences	(87,014)
Changes in assumptions	(46,592)
Benefit payments	(29,567)
Net change	(122,026)
Total OPEB liability end of year	$ 415,507

Changes of assumptions reflect a change in the discount rate from 2.14% in fiscal year 2023 to 3.65% in fiscal year 2024.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 446,619	$ 415,507	$ 386,881

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	$ 377,986	$ 415,507	$ 460,028

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $42,473. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$ 40,378	$ 79,175
Changes in assumptions	48,203	42,395
Total	$ 88,581	$ 121,570

8. Other Postemployment Benefits (OPEB) (Continued)

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2025	$ 1,326
2026	1,326
2027	1,326
2028	899
2029	(2,935)
Thereafter	(34,931)
Total	$ (32,989)

9. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the Northeast Iowa Schools Insurance Trust (trust) maintained by Midwest Group Benefits Consultants, Inc. The trust offers 3 Blue Choice, and 3 Blue Choice HMO plans to the member schools. Deductibles and out of pocket maximums vary with each of the plans.

The District may be contingently liable for any claims in excess of funds available at June 30, 2024, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment at June 30, 2024 was unavailable as of February 10, 2025. The District's contributions to the trust for the years ended June 30, 2024, 2023, and 2022 were $712,455, $643,817, and $592,776, respectively, which equaled the required contributions each year. The employees paid $25,961 in dental insurance for the year ended June 30, 2024.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2024, no liability has been recorded in the District's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance company coverage.

10. Cafeteria Plan

The District sponsors a Section 125 cafeteria plan as a part of its contractual obligation with its employees. Each participating employee must carry single health coverage. Additionally, participants may elect salary reduction to cover family health insurance, non-covered medical and dental expenses, and day care. There were 82 participants in the plan for the plan year ended June 30, 2024.

11. Risk Management

South Winneshiek Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled $274,671 for the year ended June 30, 2024 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

13. <u>Contingencies</u>

a. <u>Grant Funding</u>

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

b. <u>Insurance Plan</u>

As discussed in Note 9, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.

14. <u>Commitments</u>

The total outstanding construction and purchase commitments of the District at June 30, 2024 amounted to $265,859, and there were no commitments to be reimbursed.

15. <u>Categorical Funding</u>

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance. The following is a schedule of the categorial funding restricted in the general fund at June 30, 2024.

Program	Amount
Gifted and Talented Program	$ 75,529
Salary Improvement	5,786
Total	$ 81,315

16. <u>Net Position Deficit</u>

The governmental unrestricted fund has a deficit net position as of June 30, 2024. This deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of* GASB No. 27.

17. <u>Tax Abatements</u>

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Calmar and the City of Ossian offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

17. Tax Abatements (Continued)

Tax Abatements of Other Entities (Continued)

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2024 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Calmar	Urban renewal and economic development projects	$ 11,648
City of Ossian	Urban renewal and economic development projects	$ 6,802

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times $5.40 per $1,000 of taxable valuation. For the year ended June 30, 2024, this reimbursement amounted to $37,824.

18. Change in Area Education Agency Funding

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2025, 40% of the educational and media services funds generated by Districts will continue to flow through to each AEA, while 60% of the funding will be retained by the District that generated the funds.

19. Subsequent Events

Management has evaluated subsequent events through February 10, 2025, the date on which the financial statements were available to be issued.

Required Supplementary Information

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance- Positive (Negative)
REVENUES						
Local sources	$ 4,953,097	$ 277,509	$ 5,230,606	$ 4,864,322	$ 4,864,322	$ 366,284
State sources	4,815,095	2,888	4,817,983	4,720,380	4,720,380	97,603
Federal sources	347,531	220,549	568,080	717,703	717,703	(149,623)
Total revenues	10,115,723	500,946	10,616,669	10,302,405	10,302,405	314,264
EXPENDITURES/EXPENSES						
Instruction	6,080,813		6,080,813	6,023,334	6,023,334	(57,479)
Support services	2,955,756		2,955,756	3,087,591	3,087,591	131,835
Non-instructional programs		551,130	551,130	495,871	595,871	44,741
Other expenditures	508,539		508,539	805,519	805,519	296,980
Total expenditures/expenses	9,545,108	551,130	10,096,238	10,412,315	10,512,315	416,077
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	570,615	(50,184)	520,431	(109,910)	(209,910)	730,341
OTHER FINANCING SOURCES (USES), NET	3,691	(3,691)	-	(454)	(454)	454
Change in balances	574,306	(53,875)	520,431	(110,364)	(210,364)	730,795
FUND BALANCES, beginning of year	4,106,639	313,848	4,420,487	4,359,274	4,359,274	61,213
FUND BALANCES, end of year	$ 4,680,945	$ 259,973	$ 4,940,918	$ 4,248,910	$ 4,148,910	$ 792,008

See Notes to Required Budgetary Information and Independent Auditor's Report.

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the custodial fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by $100,000.

During the year ended June 30, 2024, expenditures exceeded the amount budgeted in the instruction function.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years*
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.049871%	0.053451%	-0.021867%	0.053922%	0.053431%	0.052399%	0.052255%	0.053404%	0.057742%	0.058757%
District's proportionate share of the net pension liability	$ 2,251	$ 2,019	$ 75	$ 3,788	$ 3,094	$ 3,316	$ 3,481	$ 3,361	$ 2,853	$ 2,330
District's covered payroll	$ 4,381	$ 4,300	$ 4,374	$ 4,279	$ 4,066	$ 3,938	$ 3,906	$ 3,831	$ 3,952	$ 3,839
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.38%	46.95%	1.71%	88.53%	76.09%	84.21%	89.12%	87.73%	72.19%	60.69%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See Notes to Required Pension Liability Information and Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 456	$ 415	$ 406	$ 413	$ 404	$ 384	$ 352	$ 349	$ 342	$ 353
Contributions in relation to the statutorily required contribution	(456)	(415)	(406)	(413)	(404)	(384)	(352)	(349)	(342)	(353)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,828	$ 4,381	$ 4,300	$ 4,374	$ 4,279	$ 4,066	$ 3,938	$ 3,906	$ 3,831	$ 3,952
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.94%	8.93%	8.93%	8.93%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

See Independent Auditor’s Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
For the Last Seven Years

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 25,995	$ 39,954	$ 38,696	$ 33,648	$ 32,589	$ 24,486	$ 23,715
Interest cost	15,152	11,875	11,890	16,097	15,481	14,395	14,211
Difference between expected and actual experiences	(87,014)		34,137		18,798		13,895
Changes in assumptions	(46,592)		48,311		1,759		32,549
Benefit payments	(29,567)	(58,496)	(46,595)	(36,523)	(26,503)	(28,170)	(38,925)
Net change in total OPEB liability	(122,026)	(6,667)	86,439	13,222	42,124	10,711	45,445
Total OPEB liability beginning of year	537,533	544,200	457,761	444,539	402,415	391,704	346,259
Total OPEB liability end of year	$ 415,507	$ 537,533	$ 544,200	$ 457,761	$ 444,539	$ 402,415	$ 391,704
Covered-employee payroll	$ 4,448,359	$ 3,757,064	$ 3,638,803	$ 4,183,038	$ 4,051,369	$ 3,255,557	$ 3,153,082
Total OPEB liability as a percentage of covered-employee payroll	9.34%	14.31%	14.96%	10.94%	10.97%	12.36%	12.42%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in Benefit Terms:
There were no significant changes in benefit terms.

Changes in Assumptions:
Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year Ended June 30, 2024	3.65%
Year Ended June 30, 2023	2.14%
Year Ended June 30, 2022	2.14%
Year Ended June 30, 2021	3.50%
Year Ended June 30, 2020	3.50%
Year Ended June 30, 2019	3.58%
Year Ended June 30, 2018	3.58%
Year Ended June 30, 2017	2.50%

See Independent Auditor's Report.

Other Supplementary Information

SCHEDULE 1

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Fund Student Activity	Debt Service Fund	Total Nonmajor Funds
ASSETS			
Cash and pooled investments	$ 62,261		$ 62,261
Receivables:			
Accounts	29,137		29,137
Total assets	$ 91,398	$ -	$ 91,398
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 4,673	$ -	$ 4,673
Fund balances:			
Restricted for:			
Student activities	86,725		86,725
Total liabilities and fund balances	$ 91,398	$ -	$ 91,398

See Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Fund Student Activity	Debt Service Fund	Total Nonmajor Funds
REVENUES			
Local sources:			
Other	$ 229,260		$ 229,260
Total revenues	229,260	$ -	229,260
EXPENDITURES			
Current:			
Instruction:			
Other instruction	220,575		220,575
Long-term debt			
Principal		14,455	14,455
Interest and fiscal charges		1,589	1,589
Total expenditures	220,575	16,044	236,619
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,685	(16,044)	(7,359)
Transfers in		16,044	16,044
Transfers (out)	(6,500)		(6,500)
	(6,500)	16,044	9,544
Change in fund balances	2,185	-	2,185
FUND BALANCES, beginning of year	84,540	-	84,540
FUND BALANCES, end of year	$ 86,725	$ -	$ 86,725

See Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2024

	Balance June 30, 2023	Revenues and Transfers	Expenditures and Transfers	Balance June 30, 2024
Instrumental	$ -	$ 500	$ 250	$ 250
Vocal	-	5,789	926	4,863
Miscellaneous General Fund	30			30
Resale	123	167	136	154
Interest	230	184		414
Food and Fitness	1,118			1,118
First Technology Challenge	1,082			1,082
Field Trips, Elementary and Middle School	2,482	9,977	11,268	1,191
Elementary	2,185	6,368	6,345	2,208
Music, Elementary and Middle School	-	1,700	1,215	485
Middle School Activity	2,756	16,041	12,572	6,225
Student Council, Middle School	5,942	4,414	5,262	5,094
Drama/Musical	2,739	5,004	2,402	5,341
Speech Activity and Debate	185	500	583	102
Choir, Senior High	-	1,300	212	1,088
Band Trip, Senior High	9,561		5,789	3,772
Pictures, Senior High	43			43
Field Trips, Senior High	1,719			1,719
All Athletic	-	32,028	31,987	41
Cross Country	-	9,849	9,849	-
Cheerleaders, Senior High	-	1,340	1,340	-
Flag Corp	179			179
Boys' Basketball	-	8,424	8,357	67
Football	-	11,649	11,649	-
Baseball	535	22,515	21,970	1,080
Boys' Track	663	5,818	6,281	200
Boys' Golf	30	3,035	2,868	197
Wrestling	-	14,276	14,276	-
Girls' Basketball	-	8,376	8,160	216
Volleyball	-	7,194	7,194	-
Softball	346	4,477	4,823	-
Girls' Track	70	3,768	3,838	-
Girls' Golf	-	530	530	-
Girls' Wrestling	-	5,753	5,753	-
Esports	6,847	230	6,909	168
Class of 2024	981	2,470	3,451	-
Class of 2025	1,906		45	1,861
Class of 2026	941		40	901
Class of 2027	-	200	34	166
Class of 2028	-	550		550
All Fine Arts	1,180			1,180
Spanish Club	112			112
Art, Senior High	147			147
Drama Club	1,302			1,302
Student Council, Senior High	2,012		873	1,139
Yearbook	2,153	5,367	4,826	2,694
Band, Senior High	739	3,608	3,120	1,227
National Honor Society	545	97	385	257
Certificate of Deposit	160			160
Business Club	2			2
SODA	246	550	681	115
Prom	755	4,672	1,373	4,054
FFA Test Plot	8,207	2,649	1,499	9,357
FFA	24,287	52,482	52,595	24,174
Totals	$ 84,540	$ 263,851	$ 261,666	$ 86,725

See Independent Auditor's Report.

SCHEDULE 4

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Years Ended June 30,

	Modified Accrual Basis									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUES										
Local sources:										
Local tax	$ 3,925,161	$ 3,839,807	$ 3,736,250	$ 3,596,569	$ 3,727,596	$ 3,618,572	$ 3,358,671	$ 3,143,996	$ 2,985,491	$ 2,917,701
Tuition	511,155	474,685	385,864	275,214	295,781	347,513	324,241	254,028	239,354	225,587
Other	516,781	371,533	386,413	352,662	308,080	338,422	1,021,329	1,158,173	1,316,287	1,483,330
State sources	4,815,095	4,578,380	4,380,360	4,310,060	3,876,233	3,701,793	3,253,669	3,452,596	3,246,876	3,390,500
Federal sources	347,531	389,634	794,830	530,843	231,567	237,343	236,955	273,845	316,036	336,636
Total revenues	$ 10,115,723	$ 9,654,039	$ 9,683,717	$ 9,065,348	$ 8,439,257	$ 8,243,643	$ 8,194,865	$ 8,282,638	$ 8,104,044	$ 8,353,754
EXPENDITURES										
Current:										
Instruction:										
Regular	$ 3,225,798	$ 2,955,191	$ 3,340,449	$ 3,302,860	$ 2,882,493	$ 2,903,977	$ 2,549,664	$ 2,752,903	$ 3,036,450	$ 2,961,347
Special	1,853,089	1,587,968	1,520,635	1,536,012	1,514,195	1,444,344	1,085,958	1,204,407	1,218,839	1,176,097
Other	1,001,926	967,959	834,281	801,435	891,696	913,014	1,149,590	981,653	1,018,100	1,276,475
Support services:										
Student	391,879	373,796	342,428	330,824	303,891	274,679	276,377	268,229	254,789	252,353
Instructional staff	411,764	528,294	441,306	353,144	362,569	395,814	496,489	557,728	287,097	328,518
Administration	887,512	1,057,948	747,092	789,341	827,324	877,225	620,703	572,489	466,444	641,957
Operation and maintenance plant	673,061	591,004	545,327	564,790	528,157	623,743	763,297	671,026	661,678	584,742
Transportation	591,540	728,482	558,028	483,582	359,461	431,128	315,059	305,130	320,823	468,218
Other:										
Facilities acquisition	217,824	863,612	479,751	268,237	339,541	226,362	431,240	681,991	527,778	337,140
Long-term debt:										
Principal	14,455	14,218					19,619	18,505	17,453	84,203
Interest and fiscal charges	1,589	1,826					62	1,176	2,228	1,205
AEA flowthrough	274,671	277,291	274,229	283,595	259,000	256,708	257,849	252,124	257,471	257,927
Total expenditures	$ 9,545,108	$ 9,947,589	$ 9,083,526	$ 8,713,820	$ 8,268,327	$ 8,346,994	$ 7,965,907	$ 8,267,361	$ 8,069,150	$ 8,370,182

See Independent Auditor's Report.

Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Winneshiek Community School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise South Winneshiek Community School District's basic financial statements and have issued our report thereon dated February 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Winneshiek Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Winneshiek Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Winneshiek Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described below that we consider to be a significant deficiency.

Overlapping Duties

Condition

The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

Criteria

Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Cause

The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect

This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation

The District should review the operating procedures of the District offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exit.

Views of Responsible Officials and Planned Corrective Actions

Management is cognizant of this limitation and will implement additional procedures whenever possible.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Winneshiek Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

South Winneshiek Community School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the South Winneshiek Community School District's response to the finding identified in our audit is described above. The South Winneshiek Community School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 10, 2025

MANAGEMENT LETTER

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

In planning and performing our audit of the basic financial statements of South Winneshiek Community School District for the year ended June 30, 2024, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated February 10, 2025, contains our report on the District's internal control over financial reporting. This letter does not affect our report dated February 10, 2025, on the basic financial statements of the South Winneshiek Community School District. Comment numbers 1, 8, and 9 are unresolved comments from the prior year. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. Certified Budget

Expenditures for the year ended June 30, 2024, exceeded the amended certified budget in the instruction function.

Recommendation

The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response and Corrective Action Planned

Future budgets will be timely amended to ensure the certified budget is not exceeded.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

3. **Travel Expense**

No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.

4. **Business Transactions**

We noted no business transactions between the District and District officials and/or employees for the year ended June 30, 2024.

5. **Restricted Donor Activity**

No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

6. **Bond Coverage**

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

7. **Board Minutes**

We noted no transactions requiring Board approval which had not been approved by the Board. We also noted no minutes and bills that had not been published as required.

8. **Certified Enrollment**

We noted two errors in the District's certified enrollment. One student was reported but was a foreign exchange student, and one resident student was missed on the District's certified enrollment.

Recommendation

The District should notify the Iowa Department of Education of the errors to get the proper count.

Response and Corrective Action Planned

The District has contacted the Iowa Department of Education.

Conclusion

Response accepted.

9. **Supplementary Weighting**

There were five classes that should not have been funded in the fall.

Recommendation

The District should notify the Iowa Department of Education of the error to get the proper weighting.

Response and Corrective Action Planned

The District has contacted the Iowa Department of Education.

Conclusion

Response accepted.

10. **Deposits and Investments**

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and District's investment policy were noted.

11. **Certified Annual Report**

The Certified Annual Report (CAR) was certified timely to the Iowa Department of Education.

12. **Categorical Funding**

No instances were noted of categorical funding being used to supplant rather than supplement other funds.

13. Statewide Sales, Services and Use Tax

No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2024, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 1,045,233
Revenues:		
Statewide sales, services and use tax	$ 767,963	
Other	24,450	792,413
Expenditures:		
Instruction	19,502	
Instructional staff	7,630	
Administration	9,346	
Operation and maintenance plant	7,342	
Facilities acquisition	205,721	249,541
Ending balance		$ 1,588,105

For the year ended June 30, 2024, the District reduced the following levies as a result of the moneys received under Chapters 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per $1,000 of Taxable Valuation	Property Tax Dollars Reduced
Physical plant and equipment levy (PPEL)	$ 1.34	$ 391,282

14. Student Activity Fund

For the items tested, no instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for moneys in the student activity fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of South Winneshiek Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 10, 2025